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Bet You Missed It-technology and literary agents

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Bet You Missed It

Press Clippings — In the News — Carefully Selected by Your Crack Staff of News Sleuths

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Dotcom Goes Out With a Whimper

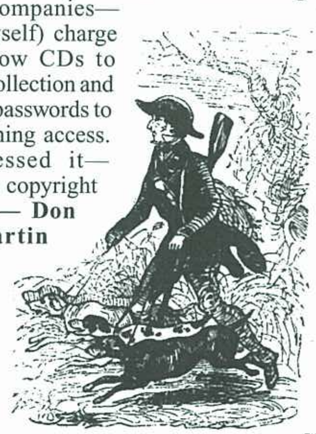
by **Bruce Strauch** (the Citadel)

It was a mere year ago that e-commerce began to seep into the national consciousness. **Lyle Bowlin**'s Internet bookstore www.Positively-You.com got at lot of coverage in print and TV media. The publicity killed him. Overnight sales shot up to $50,000/month and his home operation in Cedar Falls, Iowa, was overwhelmed. He only raised $90,000 in capital and when he had to quit his day job to pack boxes, the money ran out quickly. Plus he had undercut **Amazon** and ended up with a gross profit margin of six cents on the dollar. Meanwhile **Barnes & Noble.com** is growing fast but still losing money. **See — Julia Angwin,** "Anatomy of a Net Bookseller's Rapid Rise and Fall," ***The Wall Street Journal,*** March 2, 2000, p.B1.

Don't Like the New Economy? Sue It.

by **Bruce Strauch** (the Citadel)

MP3.com got its start helping unknown artists store and share their music. No longer did they have to mail tapes to agents and friends — they could send a link to the music. 50,000 wanna-bes have music on the site. Then on January 1, they unveiled their new product—**"Da Bomb." MP3.com** provides a Web storage locker. You verify actual ownership of a CD, then tap into a database of Cds created by the company to listen to "your" CD from any connected computer. A "streaming" process makes it difficult to pirate music. Every day, 1,500 new CDs are put into the server. Ten big music companies (I almost said "record" companies—badly dating myself) charge people to borrow CDs to stock their own collection and can pass around passwords to gain music listening access. And—you guessed it—they've sued for copyright violation. **See — Don Clark** and **Martin Peers**, "MP3 Chief Rocks and Roils Music," ***The Wall Street Journal***, March 1, 2000, p.B1.



Do Not Go Softly Into That Goodnight

by **Bruce Strauch** (the Citadel)

Accepted wisdom from high-tech zealots has newspapers vanishing in a trice. And there are multiple signs of their being moribund. One-city newspaper monopolies put together "the arrogance and indolence that comes from an absence of direct competition with a defeatist attitude to other and newer media." And those papers are pretty gosh-darn boring. But the newspaper retains its portability plus something you don't think about much—it's nonlinear. You can engage in random reading. A big fear of papers was losing the classified ads. But creative use of their own Websites and linkages with other papers to create a regional Web has kept them in there as players. And curiously, the Internet seems to be more of a threat to television. T.V. viewers have dropped in greater proportion in two years than newspaper circulation did in thirty. **See — Conrad Black,** "Don't Write Off Newspapers Yet," ***The Wall Street Journal,*** March 6, 2000, p.A30.

Now That's a Jigsaw Puzzle!

by **Pamela M. Rose** (State Univ. of New York at Buffalo)

In September of 1997 an earthquake that shook the town of Umbria, Italy, just 118 miles south of Florence, collapsed a section of the vault with its priceless 13th century frescoes in the **Basilica of St. Francis** in Assisi. After 12 seconds of violent shaking, 2,300 square feet of the frescoes shattered into tens of thousands of fragments. **Sergio Fusetti** didn't accept the word irreparable and instead has overseen an artistic restoration, coordinating the painstaking effort to reunite the fragments of painted plaster into their former glory. See — **Richard Covington**, "An Act of Faith & the Restorer's Art," in ***Smithsonian***, p.76-85, Nov. 1999.

It's Because I Never had the BIG BOX!

by **Pamela M. Rose** (State Univ. of New York at Buffalo)

The fascinating history of **Vinney & Smith Crayola Crayons** is delightfully detailed in this piece accompanied by full color photos of the product. While the exact ingredients (including the unique signature odor) are secret, the author takes us through the manufacturing process with a liberal dose of nostalgia, including data on color name changes. **See — Beth Py-Lieberman**, "The Colors of Childhood" in ***Smithsonian***, p.32-36, Nov. 1999.

Who Needs Agents

by **Bruce Strauch** (the Citadel)

Or publicity campaigns. Or paid consumer advertising. **Robert Kiyosaki** and **Sharon Lechter** self-published *Rich Dad, Poor Dad*, a self-help book on — yes, being a rich Dad. They made use of a Website www.cashflowtech.com, combined it with investing seminars, developed a line of video and audio tapes and a board game called **Cash Flow**. And now they're hitting the top of business publishing bestsellers. **See — Barbara Roether,** "Family Values in Finance," ***Publishers Weekly,*** Feb. 28, 2000, p. 21.

Technology and the Reader's Advisor

by **Joan Loslo** (University of Northern Iowa)

Technology now provides readers with access to individualized advice concerning books. Collaborative filtering, in which thousands of people are asked to share their opinions concerning books, provides readers who are eager for guidance with an opportunity to find out what persons with similar interests have enjoyed. Rather than relying on the advice of a single reviewer, readers can access the recommendations of many other readers through sites on the Web. See -- **Malcolm Gladwell**, "The Science of the Sleeper," ***The New Yorker***, vol. 75 (29) (Oct. 4, 1999), p.48-55.

Another IPO Flop

by **Bruce Strauch** (the Citadel)

In 1993, ***Saveur*** had $30 million in investor money and was going to re-write the rules of magazine publishing. Publisher **Chris Meigher** figured he had no need to discount the subscription price to drive up circulation and draw advertisers. His baby-boomer readers would pay top dollar for the high-end food glossy as well as ***Garden Design*** and ***Quest,*** a chronicle of Manhattan society. Investors putting up the $30 mil were drawn by the promise of lucrative stock warrants when a big public offering would be made. Then magazine sales on newsstands in general plummeted. And IPO money stampeded to dot.coms. Meigher lost a million investing in **Europe Online**, an imitation of **America Online** that flopped. Production costs were running $25 million/year. Meigher was lambasted for living lavishly out of the company. Now it's sold for $7 million plus the assumption of $8 million in debts. That's drastically down from the $60 million asking price two years ago. The original investors of the $30 million? They'll get about $2 million to divvy up. **See — Matthew Rose,** "Missteps Make a Once-Glossy Magazine Publisher Lose Its Luster," ***The Wall Street Journal***, Feb. 18, 2000, p.B1.

Fortunate Heirs

by **Bruce Strauch** (the Citadel)

Copyrights run out 70 to 90 years after the death of an author. But Trademarks go on forever if you use them. **A.A. Milne**'s heirs are making a mint through partnering with **Disney** to market **Winnie the Pooh** products. Gross sales are $6 billion a year. They've doubled in five years vs. 20% growth for **Mickey**, **Minnie** et al. Ditto although not quite so big *Curious George* ($700,000 a year) and all the **Seuss** properties (movie rights to the *Grinch* sold for $5 million). **Charles Schultz** raked in a lot during his lifetime, but with the right handling his heirs will be plutocrats. — **See: Louise Rosen,** "Don't Pooh-Pooh the Pooh Bear," ***Forbes,*** March 20, 2000, p.184.

Cases of Note
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Injecting some Balance

The Court notes that the injunction seems to give Hearst by law what it could not get through negotiation with Cahners. *Well, yes, it does rather.*

Nichols could promote itself as having the exclusive right to print books bearing the Chilton name. But the books do not contain original or updated Chilton times. Hearst owns the copyright to those. Nichols had an obligation to refrain from creating confusion.

If you think about that real hard, the result seems fair. I guess.

And it is just a preliminary injunction. They still have to go to trial.

The injunction mostly ordered Nichols to stop the outrageous telemarketing claims and ad promotions. But it left ominously undecided the issue of the title of the book and the green and orange colors.

It scheduled a conference on that.

Dum-da-dum-dum. Yes, Nichols is looking at their whole publishing schedule potentially being thrown out of whack and having to do a massive reprinting job.

It's Because I Never had the BIG BOX!

by **Pamela M. Rose** (State Univ. of New York at Buffalo)

The fascinating history of **Binney & Smith Crayola Crayons** is delightfully detailed in this piece accompanied by full color photos of the product. While the exact ingredients (including the unique signature odor) are secret, the author takes us through the manufacturing process with a liberal dose of nostalgia, including data on color name changes. **See — Beth Py-Lieberman**, "The Colors of Childhood," in ***Smithsonian***, p.32-36, Nov. 1999.

Disorganization Men

by **Bruce Strauch** (the Citadel)

Slipping in a book review here. But it is *Against the Grain*. ***Liars' Poker*** author **Michael Lewis** has another hit book, writing personality profiles as history of **Silicon Valley**. Fantastic summary of the people and events that have shaped the new economy. His style is reminiscent of **Tom Wolfe** and what was once called the "new journalism" as he describes the prima-donnas and geeks who make no pretense to seeing the future—just set off in pursuit of some technology that excites them "running down some long dark tunnel leading God knew where." Lewis devotes a lot of discussion to the venture capital sharks who steal the companies slice by slice as new infusions of capital are needed. And then put in "stuffed-suit" management types to do their darndest to ossify dynamism and make it into a corporate pyramid they can rule in the old order and hierarchy style right out of the 1950s. **Jim Clark** was and is an erratic genius. With two wives and a wrecked college professor career behind him, at age 38 he became the brains behind **Silicon Graphics** which first made possible three-dimensional imaging inside a computer. **Ed McCracken** shoved him out. And as that process took place, Ed decided all the ideas were his own and styled himself a visionary.

"Having established himself as the captain of the ship, he was doing what captains of industry have done since they were invented. He was transforming himself into an Important Person. He chaired conferences on the future of American industry. He hobnobbed with U.S. senators and testified before Congress. [He] became a regular at White House dinners." Meanwhile, **Jim Clark** jumped ship, teamed with the inventor of **Mosaic** (**Mark Andreseen**) and they formed **Netscape**. Back at the ranch, **SGI**, **TW**, **Microsoft**, **Sun**, **Oracle**, **AT&T** were dumping billions down a rathole trying to perfect interactive television. "Then, just as they all ran as a herd in one direction, he took off in another. And within six months he made them all look like fools. It was one of the great unintentional head fakes in the history of technology." **See — Michael Lewis, *The New New Thing,*** W.W. Norton, 2000, ISBN 0-393-0483-6.

Don't You Wish You Had Some Stock Options?

by **Bruce Strauch** (the Citadel)

Dot.com frenzy is doing nicely in India where **Azim Premji**, chairman of **Wipro**, India's second-biggest software exporter, is worth $30 billion. Not bad for a guy who dropped out of Stanford to take over the family cooking oil business. And of course our **Bill Gates** is now partnering with **Wipro** for software development and testing in India. What's the deal? A whole lot of investors and not a lot of stocks to chase. Plus Indian-Americans with around $50 billion to invest. And those pin-striped American venture capitalists are taking Indian companies public in Western markets awash with capital. The strangulation of autarkic government regulation makes the Indian stock market an unattractive place to launch an IPO. But brought to the Nasdaq, **Satyam Infoway**, the AOL of India got a six month price gain of 900%. **See — Chandrani Ghosh and Naazneen Karmali,** "India's $30 Billion Man," ***Forbes,*** March 20, 2000, p.144.